

AMENDED IN SENATE JUNE 25, 2012

AMENDED IN ASSEMBLY APRIL 23, 2012

AMENDED IN ASSEMBLY MARCH 29, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 2324

Introduced by Assembly Member Gatto

February 24, 2012

An act to amend Section ~~2984.1 of the Civil Code, relating to vehicle sales contracts.~~ 4456.5 of the Vehicle Code, relating to vehicles, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 2324, as amended, Gatto. ~~Vehicle sales contracts.~~ *Vehicles: first-line service provider: dealer charges.*

Existing law establishes a first-line service provider as an industry partner that receives information from the Department of Motor Vehicles and then transmits it to another industry partner. Existing law authorizes the director of the department to establish, through the adoption of regulations, the maximum amount that a qualified private industry partner may charge its customers in providing services for license plate processing, postage, registration, and titling transactions.

This bill would instead prohibit a first-line service provider from charging a dealer more than \$22 for providing the specified services unless the director determines that this amount is insufficient, and by regulation increases the maximum amount that a first-line service provider may charge a dealer.

~~Existing law requires every conditional sale contract for the purchase of a motor vehicle to contain a specified statement regarding minimum~~

public liability insurance, and a specified warning regarding coverage for the vehicle being purchased. Existing Department of Insurance regulations require a selling dealer to provide to a vehicle purchaser a specified Statement of Insurance relative to all insurance charged to the purchaser or placed upon the motor vehicle.

~~This bill would require the contract to also contain a statement that any insurance policy obtained by the dealer will not fulfill the purchaser's legal obligation.~~

The bill would declare that it would take effect immediately as an urgency statute.

Vote: ~~majority~~^{2/3}. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 4456.5 of the Vehicle Code is amended
2 to read:
3 4456.5. (a) A dealer may charge the purchaser or lessee of a
4 vehicle the following charges:
5 (1) A document processing charge for the preparation and
6 processing of documents, disclosures, and titling, registration, and
7 information security obligations imposed by state and federal law.
8 The dealer document processing charge shall not be represented
9 as a governmental fee.
10 (A) If a dealer has a contractual agreement with the department
11 to be a private industry partner pursuant to Section 1685, the
12 document processing charge shall not exceed eighty dollars (\$80).
13 (B) If a dealer does not have a contractual agreement with the
14 department to be a private industry partner pursuant to Section
15 1685, the document processing charge shall not exceed sixty-five
16 dollars (\$65).
17 (2) An electronic filing charge, not to exceed the actual amount
18 the dealer is charged by a first-line service provider for providing
19 license plate processing, postage, and the fees and services
20 authorized pursuant to subdivisions (a) and (d) of Section 1685.
21 ~~The director may establish, through the adoption of regulations,~~
22 ~~the maximum amount that a first-line service provider may charge~~
23 ~~a dealer.~~ The electronic filing charge shall not be represented as a
24 governmental fee.

(b) A first-line service provider shall not charge a dealer more than twenty-two dollars (\$22) for providing license plate processing, postage, and the fees and services authorized pursuant to subdivision (a) or (d) of Section 1685. If the department determines that this amount is insufficient, the director may increase, through the adoption of regulations, the maximum amount that a first-line service provider may charge a dealer.

(b)

(c) As used in this section, the term “first-line service provider” shall have the same meaning as defined in subdivision (b) of Section 1685.

(e) ~~This section shall become operative on July 1, 2012.~~

~~SECTION 1. Section 2984.1 of the Civil Code is amended to read:~~

~~2984.1. Every conditional sale contract shall contain a statement in contrasting red print in at least 8-point bold type which shall satisfy the requirements of Section 5604 of the Vehicle Code and be signed or initialed by the buyer, as follows:~~

~~THE MINIMUM PUBLIC LIABILITY INSURANCE LIMITS PROVIDED IN LAW MUST BE MET BY EVERY PERSON WHO PURCHASES A VEHICLE. UNLESS OTHERWISE SPECIFIED, ANY INSURANCE POLICY OBTAINED BY THE DEALER WILL NOT FULFILL YOUR LEGAL OBLIGATION. IF YOU ARE UNSURE WHETHER OR NOT YOUR CURRENT INSURANCE POLICY WILL COVER YOUR NEWLY ACQUIRED VEHICLE IN THE EVENT OF AN ACCIDENT, OR WHETHER THAT COVERAGE IS SUFFICIENT FOR YOUR NEEDS, YOU SHOULD CONTACT YOUR INSURANCE AGENT.~~

~~WARNING:~~

~~YOUR PRESENT POLICY MAY NOT COVER COLLISION DAMAGE OR MAY NOT PROVIDE FOR FULL REPLACEMENT COSTS FOR THE VEHICLE BEING PURCHASED.~~

~~THE BUYER SHALL SIGN TO ACKNOWLEDGE THAT HE/SHE UNDERSTANDS THESE PUBLIC LIABILITY TERMS AND CONDITIONS.~~

1 s/s _____.

2 ~~No person shall print for use as a sales contract form, any form~~
3 ~~that does not comply with this section.~~

4 *SEC. 2. This act is an urgency statute necessary for the*
5 *immediate preservation of the public peace, health, or safety within*
6 *the meaning of Article IV of the Constitution and shall go into*
7 *immediate effect. The facts constituting the necessity are:*

8 *In order to establish, as soon as possible, an electronic filing*
9 *charge that a first-line service provider may reasonably charge*
10 *for providing specified services to vehicle dealers, it is necessary*
11 *that this act take effect immediately.*